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Chapter 9

Managing Diversity and Inclusion

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Learning Objectives

LO 1 Describe how changes in the U.S. workforce make diversity a critical organizational and managerial issue.

LO 2 Describe some of the advantages and challenges associated with diversity and inclusion initiatives.

LO 3 Define monolithic, pluralistic, and multicultural organizations.

LO 4 List steps managers and their organizations can take to cultivate diversity.

LO 5 Discuss changes in the global workforce and skills managers need to manage globally.

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Introduction

Managing Diversity, Equity, and Inclusion

Managing a diverse workforce

- Recognizing the characteristics common to groups.
- Dealing with people as individuals.
- Supporting, nurturing, and using their differences to the organization's advantage.

Affirmative action programs broaden the workforce.

Diversity management:

- Basic HR activities like recruiting, training, promoting.
- Fostering an inclusive work environment.
- Recognizing and valuing every employee's uniqueness.

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Diversity Is Dynamic and Evolving

Changing Approaches

- Diversity is not a new challenge for managers, but businesses have changed their approaches.

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Diversity Shaped America's Past 1

Diversity in the Past

- Most immigrants to the United States from late 1800s to early 1900s were non-English-speaking, from Italy, Poland, Ireland, and Russia.
- As late as the 1940s, and sometimes beyond, colleges routinely discriminated against immigrants, Catholics, and Jews.
- When the Women's Rights Movement was launched in 1848, most occupations, colleges, and professional schools were off-limits to women.

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Diversity Shaped America's Past 2

Diversity in the Past continued

- The most difficult and wrenching struggle for equality involved America's racial minority groups.
- Rigid racial segregation of education, employment, and housing persisted for 100 years after the Civil War.
- Although the struggle for equality is not complete, many civil rights received their greatest impetus from the Civil Rights Movement.
- Traditional American image of diversity emphasized assimilation.

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Civil Rights Movement Brought Change

Freedom marchers in the 1960s were a vital part of the American civil rights movement.

WE MARCH FOR JOBS FOR ALL NOW!
WE DEMAND VOTING RIGHTS NOW!
WE DEMAND UAW SAYS: END SEGREGATED RULES IN PUBLIC SCHOOLS
WE MARCH FOR JOBS FOR ALL NOW!
WE DEMAND EQUAL RIGHTS NOW!

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Diversity Is Becoming Even More Important 1

Diversity Today

U.S. workforce today: nearly half are women, 18 percent are Hispanic or Latino, 13 percent are Black, 7 percent are Asian.

U.S. is top destination for immigrants.

Diversity means far more than skin color and gender.

Managing a diverse workforce is now essential for U.S. businesses.

- Value of cognitive diversity.
- Know characteristics common to a group.
- Manage people as individuals.

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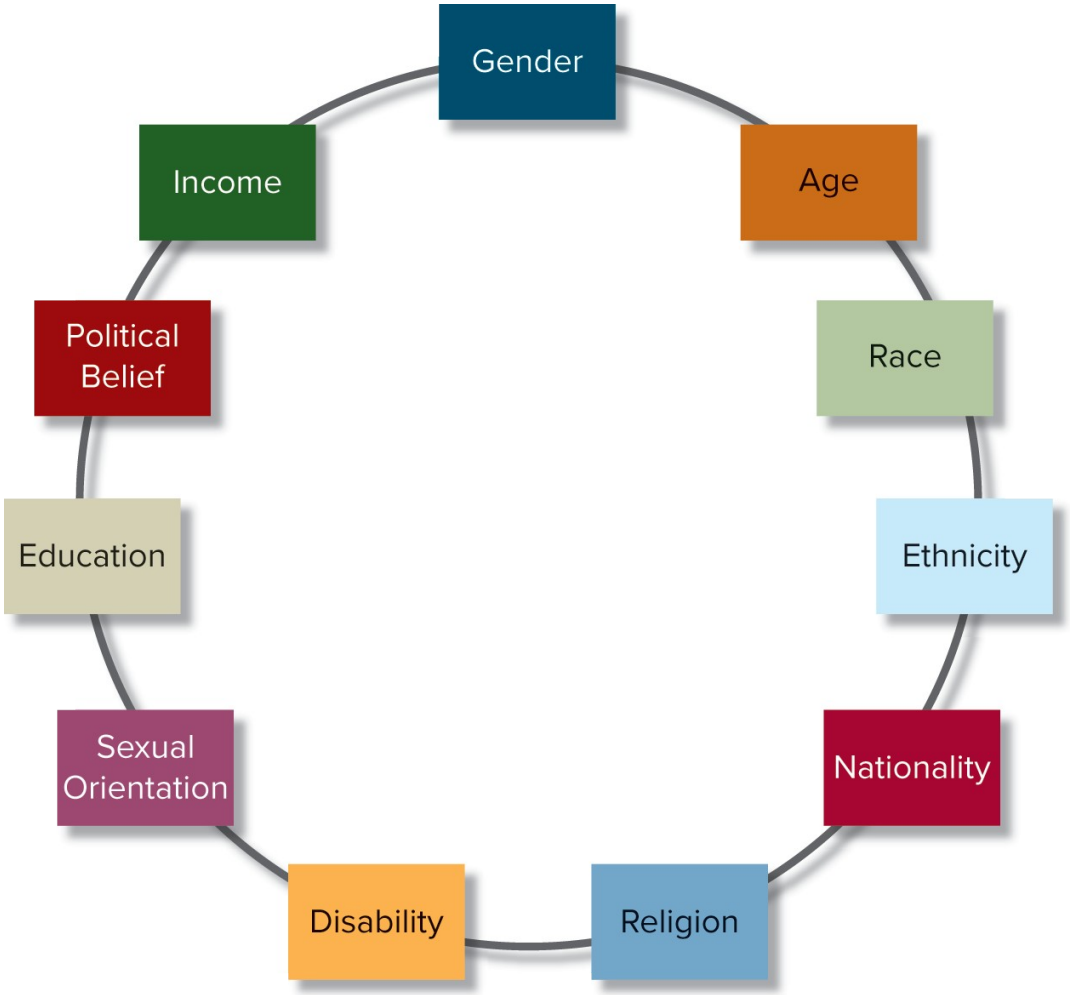
Exhibit 9.1 Components of Workforce Diversity



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Source: Adapted from Mintzberg, H., The Nature of Managerial Work. New York: Harper & Row, 1973, pp. 92–93.

Diversity Is Becoming Even More Important 2

Male/Female Gender Issues

- Balancing work life and family responsibilities is challenging, and women often carry more family responsibilities.
- Pay gap continues.
- **Glass ceiling.**

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Exhibit 9.2 Seramount's 2022 Top 10 Companies for Women Executives

Abbvie	Bon Secours Mercy Health
Dechert LLP	Estee Lauder
Fleishman Hillard	General Mills
L'Oréal USA	Johnson & Johnson
Nationwide	Zoetis

Source: Based on data in "2022 Top 10 Companies for Executive Women," Seramount, https://seramount.com/best-companies/2022-top-companies-for-executive-womenwinners/, accessed February 8, 2023.

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Diversity Is Becoming Even More Important 3

Sexual Harassment

Unwelcome sexual conduct that is a condition of employment.

- Quid pro quo harassment.
- Hostile environment.

Violates Title VII of the Civil Rights Act of 1964, regardless of the sex of the harasser and the victim.

Gender issues do not apply only to women.

- Men redefining their roles.
- Worker values are shifting.
- People of all genders are looking to achieve a balance between career and family.

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Exhibit 9.3 Components of a Harassment Prevention Policy

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Diversity Is Becoming Even More Important [4]

Racial Minority Groups and Immigrants

- Black, Asian, and Hispanic workers hold about 41 percent of U.S. jobs.
- Foreign-born workers make up more than 17 percent of U.S. civilian labor force; about half are Hispanic.
- The younger Americans are, the more likely they are to be persons of color.
- Over 33 million people in the U.S. self-identify as multiracial.

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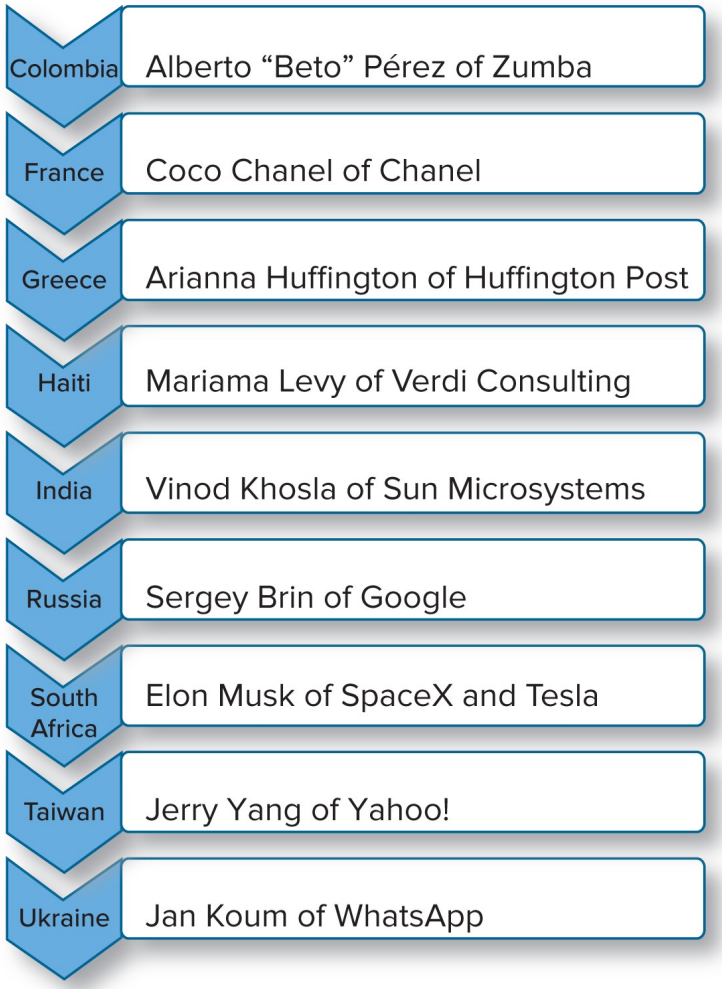
Exhibit 9.4 Successful Immigrant Entrepreneurs in the United States



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Diversity Is Becoming Even More Important 5

Mental and Physical Disabilities

- ADA Amendments Act defines a disability as a physical or mental impairment that substantially limits one or more major life activities.
- For most businesses, people with disabilities are an unexplored but fruitful labor market.

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Diversity Is Becoming Even More Important [6]

Education Levels

- Today's service and technology economy requires more workers with advanced degrees.
- Degrees in science and technology are in especially high demand.

Age Groups

By 2030, 1 in 4 workers will be over age 55.

Entry-level workers are in short supply.

Businesses must compete to attract young workers.

- Also must not exclude or discriminate against older employes.

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The Future Will Be More Diverse Than Ever

Future Workplace

Lower birthrates in developed countries result in smaller labor force.

- Trend will accelerate as Baby Boomer generation retires.
- Industries such as nursing and manufacturing already facing a tremendous loss of expertise.

Employers will outsource work to developing nations with higher birthrates.

Competition for best candidates in smaller and more diverse labor pool.

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Diversity and Inclusion Have Advantages and Challenges

Potential Advantages of Diversity and Inclusion

- Attract and retain motivated employees.
- Understand diverse markets.
- Leverage creativity and innovation in problem solving.
- Enhance flexibility.
- Performance.

Challenges in Managing Diversity

- Unexamined assumptions.
- Lower cohesiveness.
- Communications problems.
- Mistrust and tension.
- Stereotyping.

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Exhibit 9.5 Misleading and More Accurate Assumptions about Diversity

Dimension	Misleading Assumption	More Accurate Assumption
Homogeneity–heterogeneity	We are a melting pot; we are all the same.	We are more like a stew. Society consists of different groups.
Similarity–difference	"They" are all just like me. There are no real differences.	People exhibit both differences and similarities compared to me.
Parochialism–equifinality	Our way of living and working is the only way.	There are many distinct ways of reaching goals, living, and working.
Ethnocentrism–culture contingency	Our way is the best way; all other approaches are inferior versions of our way.	There are many different and equally good ways to reach goals; the best way depends on the people involved.

Source: Adapted from N. J. Adler, "Diversity Assumptions and Their Implications for Management," Handbook of Organization, 1996.

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Multicultural Organizations

Monolithic Organization

- Has little cultural integration—employing few women, minorities, or other groups that differ from the majority—and thus has a homogeneous employee population.

Pluralistic Organization

- Has a relatively diverse employee population and makes an effort to involve employees from different gender, racial, or cultural backgrounds.

Multicultural Organization

- Values cultural diversity and seeks to utilize and encourage it.

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Organizations Can Cultivate a Diverse Workforce

1. Start by securing top managers' commitment.
2. Conduct an organizational assessment.
3. Attract a diverse group of qualified employees.
4. Train employees to understand and work with diversity.
5. Retain talented employees.

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Start by Securing Top Managers' Commitment

Secure Commitment

Obtaining top management's leadership and commitment is critical for diversity efforts to succeed. To do this:

- Incorporate diversity values into the corporate mission statement.
- Incorporate diversity values into strategic plans and objectives.

Managing diversity cannot be done by top management or diversity directors alone.

- Advisory groups and task forces can also help.

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Conduct an Organizational Assessment

Organizational Assessment

- Assess the organization’s workforce, culture, policies, and practices in recruitment, promotions, benefits, and compensation.
- Identify problem areas and opportunities.

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Attract a Diverse Group of Qualified Employees

Recruiting

- A reputation for hiring and promoting all types of people can be a strong recruiting tool.

Accommodating Work and Family Needs

- Work and family policies are one of the most important recruiting tools.

Alternative Work Arrangements

- Accommodate diversity with flexible work schedules and arrangements.

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Train Employees to Understand and Work with Diversity

Awareness Building

- Designed to increase recognition of meaning and importance of valuing diversity.
- Also means teaching the unwritten “rules” or cultural values to those who need them; or changing the rules when needed.

Skill Building

- Designed to develop the behaviors needed to work best with one another and with customers in a diverse environment.
- Mostly interpersonal skills such as active listening, coaching, and giving feedback.

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Retain Talented Employees

Strategies and Policies

- Support groups.
- **Mentoring.**
- Career development and promotions.
- Systems accommodation.
- Accountability.

Julie Sweet, CEO of Accenture

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Managing Globally

Global Operations

- **Expatriates** are parent-company nationals who are sent to work at a foreign subsidiary.
- **Host-country nationals** are individuals from the country where an overseas subsidiary is located.
- **Third-country nationals** are individuals from a country other than the home country or the host country of an overseas subsidiary.
- While most corporations use all types of employees, each has advantages and disadvantages.

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Changes in the Global Workforce

Types of Global Changes

- Demographic changes.
- Vanishing middle skill jobs.
- Increasing workplace diversity.
- High demand for service jobs.
- Working remotely will be the new normal.

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Global Managers Need Cross-Cultural Skills [1]

Skills for Succeeding in Global Assignments

- Sensitivity to cultural differences.
- Business knowledge.
- Integrity.
- Risk taking.
- Cultural adventurousness.
- Communication skills.
- Openness to criticism.
- Desire for feedback.
- Flexibility.

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Exhibit 9.6 How to Prevent Failures in Overseas Assignments

Structure the assignment clearly.	Be clear about reporting relationships, job responsibilities, and job objectives.
Use valid selection methods.	Assess both technical skills and personal factors.
Prepare expatriates and their families.	Send them on a “look-see” trip, and provide training and in-country support.
Assign mentors.	Assign both home office and in-country mentors.
Encourage communication.	Connect with the expatriate via frequent texting, emailing, and videoconferencing.
Measure performance.	Link performance measures to the objectives of the assignment.
Develop a reentry plan.	Before the assignment ends, find the repatriate a home-based job that uses newly acquired skills.

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Global Managers Need Cross-Cultural Skills 2

Working Internationally Is Stressful

Many overseas assignments fail, often due to family issues.

But there is tremendous potential for professional and personal growth.

For managers, selection for an overseas assignment is usually a good sign.

- More responsibility, challenges, and operating leeway.
- Includes effectively managing **inpatriates.**

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National Cultures Shape Values and Business Practices 1

Cultural Issues

- Cultural issues are the most elusive aspect of international business.
- **Ethnocentrism** means judging others by the standards of one's group or culture, which are seen as superior.
- Assumptions contribute to **culture shock**, the disorientation and stress associated with being in a foreign environment.

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National Cultures Shape Values and Business Practices 2

Hofstede's Cultural Differences

- Power distance: the extent to which a society accepts the fact that power in organizations is distributed unequally.
- Individualism/collectivism: the extent to which people act more on their own or more as a part of a group.
- Uncertainty avoidance: the extent to which people in a society feel threatened by uncertain and ambiguous situations.
- Masculinity/femininity: the extent to which a society values quantity of life over the quality of life.

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National Cultures Shape Values and Business Practices 3

Cultural Differences Still Exist

Globalization is blurring some distinctions.

Acknowledge differences, but managers must find work arounds.

- Meetings.
- Work(aholic) schedules.
- Email.
- Fast-trackers.
- Feedback.

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Globalization Brings Complex Ethical Challenges

Cultural Influence

To function effectively, managers must understand the ways culture influences how people perceive and behave.

Most people embrace the same core values:

- Compassion.
- Fairness.
- Honesty.
- Responsibility.
- Respect for others.

Managers must:

- Find shared values.
- Identify, establish, and enforce ethical standards.

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Group Challenge

Multicultural Stereotypes

- Develop a list of stereotypes you have heard about Americans.
- How do you think these stereotypes developed?
- How may these stereotypes influence communication between employees in the United States and their counterparts in other countries?

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Chapter Review

Workforce changes that make diversity a critical issue.

Challenges to managing a diverse workforce.

Multicultural organizations.

- Monolithic, pluralistic, and multicultural organizations.

Steps that managers can take to cultivate diversity.

Skills and knowledge about cultural differences needed to manage globally.

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